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EXTRACTS FROM A SPEECH BY Sir LEON BRITTAN
AT THE CHAMBER OF COMMERCE
- Valletta, Malta -

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Introduction

The continent of Europe is experiencing a period of profound change. That change is fraught with dangers, as the tragedy of Yugoslavia demonstrates. Nor should anyone underestimate the scale of the problems facing the states of the former Soviet Union as they emerge from the ice-age of Imperialism, totalitarian socialism and economic stagnation. Yet this is also a period of opportunity. The states of Europe have the chance to create new and lasting structures of cooperation between one another.

The Role of the European Community

At this historic juncture, a particular responsibility rests upon the European Community, which is already actively involved in the various processes under way. We are engaged, for example, in trying to broker peace in Yugoslavia. We are both contributing and coordinating assistance, on behalf of the whole of OECD, to achieve peaceful transformation to democracy and to market economies in the emerging states of Central and Eastern Europe. And we are developing new relationships with other European countries, too, from Malta to Iceland.

The European Community is playing this central role in the transformation of the continent because it has become the natural focus for European political and economic cooperation. The Community represents a unique experiment in relations between sovereign states. It offers a mechanism by which its members can retain their separate identities, cultural heritage, and other advantages of nationhood, while overcoming the narrow nationalism which has generated so many wars over the centuries, and constrained Europe's economic growth. The European Community is not just a regional organisation, in the sense of a framework for inter-governmental cooperation. It is a joint enterprise by European countries committed to democracy and open trade, and willing to take on extensive mutual obligations for their common good.

Because of all this the Community offers a pole of attraction and a centre of stability in Europe. Not only the emerging States of the former Soviet Empire, but established democracies such as Malta are either seeking to join the European Community; or proclaim their intention to apply for membership when they are economically and politically capable; or, at the least, look to the European Community to give a lead in developing Europe's new architecture.

Countries have applied to join the European Community, or have stated their intention to do so, in order to share in its success. Yet if it is to build on that success the Community must continue to deepen its common endeavour as it widens its membership.

The Single Market

This means, first, that the Community must drive on to the full realisation of the Single Market by the end of this year. A great deal has been done to that end - but a great deal remains to be achieved, especially in the fields of taxation and the free movement of people in a Community without internal frontiers. In one of the areas for which I retain a particular responsibility, financial services, there is also a lot of work still ahead of us - for example in the achievement of a Single Insurance Market. Yet we have made excellent progress in recent months, and I am at once determined and confident that we shall have all the essential legislation in place by the end of this year.

International Responsibilities: the Uruguay Round

Secondly, the Community must develop its international contribution. I am thinking here not only for example of the promotion of international peace and human rights through the United Nations - but, immediately and urgently, a successful conclusion of the Uruguay Round of world trade talks. The European Community's whole economic success is founded upon trade. We have the greatest possible interest in the strengthening of international multilateral trade disciplines. This implies some very hard decisions - particularly in the reform of our own Common Agricultural Policy - but they are decisions we must be prepared to take in order to promote the free trade principles upon which international prosperity depends.

Institutional Development

Thirdly, the Community must press on with its own Institutional development.

The outcome of the Maastricht Council, last month, is ample demonstration of the European Community's determination in this regard. A whole raft of important decisions were taken, including:

- A commitment to the creation of a full Economic and Monetary Union incorporating a common currency, together with a precise timetable for the achievement of this objective by those Members which meet the strict economic conditions which have been agreed.
- New Institutional mechanisms to enable the Community to begin to develop common defence policy, within NATO, and to develop common foreign policy, too.
- New levels of cooperation in judicial and home affairs, including, for example, common visas.
- The establishment of a cohesion fund, and other mechanisms to help the less developed regions of the Community.
- Further powers for the European Parliament.

Yet the Maastricht Council was not an end in itself. Heads of Government have already signalled that further Treaty amendments will be required to cope, in particular, with the challenges which will be posed as the Community takes on new members. As the Community grows it will need to streamline its decision-making if it is to retain its dynamism.

New Applications for Community Membership

How then, should the European Community react to the applications for membership which it has received?

It would be quite wrong for those who happen to have got into the EC first to exclude others who are willing and able to take on the full obligations as well as the benefits of membership. The Treaty of Rome states clearly in Article 237 that "any European state may apply" for membership of the EC.

The whole Treaty is founded upon a determination "to lay the foundation of an ever closer union among the peoples of Europe". The signatories explicitly call "upon the other peoples of Europe who share their ideal to join in their efforts". The Community should be an open club. It must avoid at all costs the temptation to become an exclusive one.

I must emphasise that no decisions have yet been taken about the handling of the applications for Community membership which we have received, or those which we expect to receive. Nonetheless let me make a few comments on these issues.

First, I believe that applications should be looked at individually, and on their merits. Several may of course be considered in parallel, but there has been no decision to group different applications, for example on a regional basis.

Second, the European Council at Maastricht noted that there was no reason to wait for the ratification of the latest Treaty amendments before negotiations on potential new accessions could begin, though the Community should first conclude the work now in hand on its future resources. In the light of this, I believe that the Commission is likely to send further Opinions to the Council in the course of this year with regard to applications on which we have so far not pronounced. Nor is it impossible that some negotiations could begin before the end of this year - though that could be optimistic.

Third, it must be understood that while the Community is ready to welcome countries which are politically, economically and geographically suited for membership, they in turn must be ready to take on the full obligations of the Treaty - accepting the Community as it is, and as it is pledged to become. It may be possible to negotiate special programmes as well as temporary derogations and phased transition in some areas, but there is no place for permanent exceptions from the obligations of the Treaty of Rome or from the legislation already in place on the basis of the Treaty.

Fourth, and of particular significance for Malta, we cannot ignore the problems posed for the Community by the possible adhesion of very small states, although I do not regard this as necessarily presenting an insuperable obstacle.

The European Community has developed on a basis of strict equality between its members. There is some accommodation for the different size of different partners, for example in the weighting of votes in the Council, the number of seats in the Parliament and the fact that the large Member States appoint two European Commissioners at present, while smaller Members appoint one. The modulation, however, does not in truth reflect the real differences in size - for example between Luxembourg and Germany. The consequence of this is that a proliferation of very small members could impose severe institutional difficulties, complicating the process of decision-making.

I do not offer any solution to this dilemma, nor, as I have said, do I consider that it is necessarily an insurmountable difficulty - but it is a problem which is best handled by being openly admitted. It is one of the key issues which the Commission will need to address as it prepares its Opinion on Malta's application.

Conclusion

Malta is embarked upon a bold economic course, and I congratulate you on what you are currently doing. Further liberalisation of the Maltese economy will certainly be necessary if Malta is to join the European Community. But I am quite sure that this policy is, in any event, the right one for Malta and for your future prosperity.

The spectacular collapse of the command economies in Central and Eastern Europe is only the latest evidence that economic liberalism goes hand in hand with political freedom. Centralised economic management and trade protectionism is doomed to failure, just as centralised political control contains the seeds of its own destruction.
